# Michael Peca confirms knowledge that all LOC funds were in his <u>capital account</u> and <u>belonged to the LLC</u> – not himself personally...

From Michael Peca's SDNY Grand Jury testimony -

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How much money did you put in Little Isle IV? 8 \$100,000 cash investment that was going to go 9 towards that. Then we had lines of credit. I had one out for \$1.7 million that was going to be used at the 10 time. Here's where a lot of the cross starts to happen. 11 12 A short-term loan to Mr. Jowdy, because at the 13 time Cabo -- we hadn't gotten the lending from Lehman Brothers yet. We made a short-term loan until the 14 lending came in. Once the lending came through they 15 16 were to pay back the loan, I think in the neighborhood 17 of five-and-a-half million dollars, on the closing. It was never paid back. And then communication basically 18 19 seized at that point from him. 20 That was kind of the whole sticking point as far as me and the other guys with Mr. Jowdy. 21

Communication ceased from Jowdy – whole sticking point for Michael Peca and other "guys"...FULL KNOWLEDGE OF Jowdy PROBLEMS

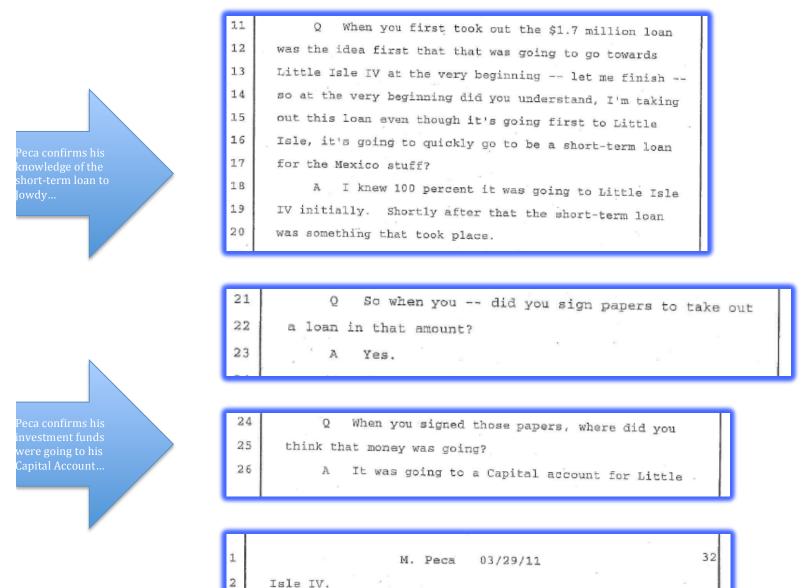
Michael Peca confirms his \$100k PLUS \$1.7mm into his *capital account* for Little Isle IV...then some used for short-term Jowdy loan to México...

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M. Peca 03/29/11

A It was for -- you're right, we're ahead.

The 1.7 along with the $100,000 and whatever else put in this a Capital account, Little Isle IV I believe. That Capital account was loaned to Ken Jowdy, our business partner, so there is no need at the time to be worried about anything. That money was loaned to Ken Jowdy to basically help some of the purchase of the Cabo property so we can get the funding. And then it was supposed to a short-term loan.
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## Michael Peca confirms knowledge that all LOC funds were in his <u>capital account</u> and belonged to the LLC – not himself personally...



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### Michael Peca confirms knowledge that all LOC funds were in his <u>capital account</u> and <u>belonged to the LLC</u> – not himself personally...

Peca does not tell the SDNY Grand Jury that he learned about it the "night before" the March 2011 testimony ---like he told the EDNY...

| 3 | Q At the time you signed the papers, did you             |
|---|--|
| 4 | think that Little Isle IV Capital Account for Hawaii was |
| 5 | used to lend money to Jowdy for the Mexico stuff, or     |
| 6 | only later where that was a decision that was made?      |
| 7 | A I can't remember exactly what the time frame           |
| 8 | was on those two things.                                 |

Confirms short-term loan knowledge...

9 Q Were you consulted an advance about whether to
10 use the money in the Little Isle IV Capital account to
11 loan money to the Mexico project?
12 A I knew the short-term loan was made to
13 Mr. Jowdy.

14 Did you know in advance of it being made? I probably did, I mean at the time if I was 15 told about it, I probably would say, okay, sounds good. 16 It was probably explained to me. I can't tell you 17 definitely right now that I know the day or time of the 18 conversation. As it was happening I wasn't like what 19 happened to that, I didn't know it would happen. 20 I kind 21 of knew what we were doing. Let me paraphrase, you're not sure if you were 22 told but you basically approved of it. You wouldn't 23 really have cared sounds like you're saying? 24 25 Correct.

Q Then, you were getting into this before, so

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Michael Peca confirms knowledge that all LOC funds were in his <u>capital account</u> and <u>belonged to the LLC</u> – not himself personally...

Peca confirms he knew about the repayment plan from Jowdy – just like the 2004 Hawai'i loan agreement laid out...

